

SENATE, No. 1021

STATE OF NEW JERSEY

216th LEGISLATURE

INTRODUCED JANUARY 30, 2014

Sponsored by:

Senator ANTHONY R. BUCCO

District 25 (Morris and Somerset)

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

Co-Sponsored by:

Senators Bateman, Singer and Kyrillos

SYNOPSIS

Repeals the New Jersey estate tax.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/10/2015)

1 AN ACT eliminating the New Jersey estate tax and repealing parts
2 of the statutory law.

3
4 BE IT ENACTED by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. The following sections are repealed:
8 R.S.54:38-1 through R.S.54:38-7; and
9 R.S.54:38-10 through R.S.54:38-16.

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11 2. This act shall take effect immediately and shall apply to the
12 estate of any resident decedent dying after December 31, 2009.

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STATEMENT

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17 This bill provides for the repeal of the New Jersey estate tax and
18 would apply to the estate of any resident decedent dying on or after
19 January 1, 2010.

20 Currently, New Jersey imposes an estate tax based on a credit
21 historically allowed by federal law against the federal estate tax for
22 the payment of inheritance taxes or other legacy taxes imposed by
23 the states. However, under federal tax code changes enacted in
24 2001, the federal credit by which New Jersey's estate tax is
25 calculated was phased-out over a four year period, with a full repeal
26 of the federal credit taking effect in 2005. Thus, but for the
27 enactment of P.L. 2002, c.31 (C.54:38-1et seq.), which "decoupled"
28 the New Jersey estate tax from the 2001 federal tax law changes,
29 New Jersey's estate tax would have been completely eliminated in
30 2005.

31 While prior to 2001, all states imposed an estate tax which
32 allowed the states to "pick up" a share of federal estate tax revenues
33 through the federal credit mechanism, currently only 11 states
34 (including New Jersey) and the District of Columbia, continue to
35 impose some form of the pick up tax, effectively negating the intent
36 of the U.S. Congress to repeal the "pick up" provision of the federal
37 estate tax. Moreover, only two states, New Jersey and Maryland,
38 currently levy an estate tax similar to the one in effect prior to 2001
39 while also separately imposing a State inheritance tax. With this
40 legislation, New Jersey would join the majority of states which have
41 chosen to follow the changes implemented at the federal level and
42 eliminate an estate tax based on the federally repealed credit.